

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 2274 - HB 2153

March 16, 2014

SUMMARY OF BILL: Requires the Board of Pharmacy to report to the Health Committee of the House of Representatives and the Senate Health and Welfare Committee on or before January 15, 2015, concerning current trends in prescription utilization among patients. The board shall examine trends which shall include: patients failing to comply with a prescription regimen, excessive utilization, the effect of copays on utilization and health and other relevant trends and behaviors. The board shall evaluate the possible benefits and costs of case management, counseling and other initiatives as potential means to enhance the health of Tennesseans through prudent pharmacy and managed care initiatives.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - \$50,000/One-Time/Board of Pharmacy

Other Fiscal Impact - This increase in expenditures will not be paid out of the General Fund, but will be paid out of the Board of Pharmacy's reserve account. As of June 30, 2013, the Board of Pharmacy had \$1,226,220 in its reserve.

Assumptions:

- According to the Board of Pharmacy, it does not have the proper resources to conduct the required study and will have to contract with an outside research entity in order to complete such study.
- The Board estimates that the cost of such contract will be \$50,000.
- This amount can be handled within existing Board reserves.
- Pursuant to Tenn. Code. Ann. § 4-29-121, all health related boards are required to be self-supporting over a two-year period. The Board of Pharmacy had closing balances of \$85,209 in FY11-12, \$296,813 in FY12-13, and a closing reserve balance of \$1,226,220 on June 30, 2013.

IMPACT TO COMMERCE:

Increase Business Revenue - \$50,000/One-Time

Increase Business Expenditures – Exceeds \$25,000/One-Time

Assumption:

- The Board of Pharmacy will contract with a Tennessee domiciled company to complete the required study resulting in an increase in one-time business revenue of \$50,000.
- It is estimated that the company will expend at least 50 percent of revenue to complete the study resulting in one-time expenditures exceeding \$25,000.
- No significant impact to jobs.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise".

Lucian D. Geise, Executive Director

/jdb